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ABSTRACT

Memo transmits memo for DDP signature listing pros and cons of moving the R&D function out of the CS.

(Also see: HS/CSG-2407, re location of TSD/R&D in Agency)

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DRAFT

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STATEMENT OF EXISTING UNITED STATES POLICY IN INTERNATIONAL
LABOR FIELDBASIC UNITED STATES FOREIGN LABOR POLICY OBJECTIVES

Consistent with over-all United States foreign policies and specific policies governing the conduct of United States relations with individual foreign countries, the basic objectives of the United States government in the international labor field are:

- A. To obtain the maximum understanding and support among foreign labor groups for the United States, for democratic processes and for the foreign policies of the United States government.
- B. To encourage the development in foreign countries of free and democratic trade unions as part of the democratic process in those countries.
- C. To strengthen among trade unions and labor political groups in foreign countries understanding of and opposition to communist and other totalitarian influences and control.
- D. As part of the United States effort to assist other countries in the achievement of economic progress and political stability, to encourage appropriate measures for the improvement of working and living standards and for the effective functioning of free and democratic trade unions.
- E. To develop among all groups in foreign countries an accurate and sympathetic understanding of the constructive role which United States labor plays as part of the democratic processes in the United States.

STATE will recommend
addition:

Responsible

II. POLICY ~~FOR~~ FOR SPECIFIC PROGRAMS OR ACTIVITIES

The application of the policy guides to each program should be consistent with over-all United States foreign policies and with specific policies governing the conduct of United States relations with individual foreign countries.

A. Labor Information^{1/}

Recognizing the significance of labor groups in most key countries abroad in shaping public policy and in

^{1/} Based upon IA Instruction #0-1 of October 10, 1952 and the Infoguide
USIA OA-578 of March 18, 1954.

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influencing economic, political, and social developments, the United States Information Agency aims to use informational media to show workers that they can help themselves to attain better living, personal freedom and peace through supporting free trade unions and resisting communist fronts.

Basic policies, subject to U.S.I.S. country plans, are:

1. to emphasize the symbol of free trade unionism as a vehicle whereby workers can and do make progress together toward a better life in a free and peaceful world;
2. to show the falsity of the basic Marxian concept of class warfare;
3. to concentrate primarily upon providing informational material to sustain and increase understanding and support among free trade union groups and encourage them to use such material to influence their neighbors and fellow workers, rather than to engage in direct argumentation ourselves with present enemies or neutrals;
4. to use news reporting, solid news and features to show the constant progress being made by free workers, associating as far as possible the free trade union movement with each accomplishment, and to show how American and other free trade union movements function along side of free management within a free economy;
5. to focus our reporting of American labor activities upon constructive economic and social progress and support of specific foreign policy programs rather than upon partisan attack by or against labor leaders and groups;
6. to show constantly American trade union independence of government or employer control and the falsity of communist allegations to the contrary;
7. to utilize experience with some communist elements within the American labor movement to show that the American people are deliberately rejecting the communist formulas and allegations;
8. to show that the "capitalism" attacked by Marx is practically non-existent within the American free economy;

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9. to avoid appearance of interferences in the domestic affairs of other countries or of any manipulation of international or national free trade union movements;
10. in addition to strengthening recognition of the kinship among workers and their common interest in advancing free institutions, to show government officials, employers, intellectuals, religious and social groups that it is in their own long-range advantage to encourage free trade unionism and defeat totalitarian labor fronts;
11. to foster the concept of the United States as the champion of human freedom and the aspirations of free workers;
12. to demonstrate the falsity of communist propaganda, expose and defeat communist infiltration and demonstrate the reactionary barbarity of communist practices in advancing the imperialistic objectives of the Soviet.

B. Technical Assistance^{2/}

In accordance with understandings or agreements reached with the countries involved, appropriate technical assistance in the categories (noted below) is being made available to labor and management organizations and governments. This assistance is provided in consultation with the groups concerned, through exchange and training programs, demonstration projects, and audio-visual media. The general purpose of the technical assistance program is to promote the technical competence of the groups toward which it is directed. Technical assistance is an integral part of United States efforts abroad to foster stable and expanding economies and rising living standards.

Guidelines: In the interest of promoting United States foreign labor objectives, the technical assistance programs in labor and related fields should be governed by the following guidelines:

^{2/} Relates to Technical Exchange (Europe) and Technical Cooperation (Underdeveloped areas) programs. See separate statement in regard to exchange programs not covered by technical assistance. References:

- (a) Sect. 413(a) of Mutual Security Act '54.
- (b) General provisions covering technical exchange and technical cooperation, Sections 131, 301, 302, and 544(b) of Mutual Security Act of '54.
- (c) CA 880 August 20, '53.

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1. To develop the competence of free trade unions to participate effectively in economic collective bargaining, constructive industrial relations, economic development and productivity.
2. Emphasis should be on those situations where free unions are weak or are threatened by communist activity with special attention devoted to aspects of programs which can carry home to free trade unions successful experience in overcoming communist infiltration.
3. Future as well as current leadership strengthening and development should be kept in mind in planning programs.
4. Attention should be directed toward assisting governments in the development of appropriate legislative safeguards for the establishment and growth of free trade unions particularly in underdeveloped countries.
5. Programs should help promote improvement in labor standards, working conditions, and standards of living of workers abroad.
6. Programs should develop a more objective understanding among foreign government, labor and management officials of methods of conducting constructive industrial relations and related activities.
7. Programs should be encouraged to improve administration in government labor agencies.

Categories of Technical Assistance:

1. Trade union administration and leadership: (Union administration, workers' education, grievance machinery, leadership development, public relations, etc.)
2. Labor productivity: (Trade union research, productivity measurement, engineering, job evaluation and classification, wage incentives, employment and technological change, etc.)
3. Labor-Management relations: (Collective bargaining, mediation, conciliation, arbitration, trade union industrial relations training, community industrial relations programs, etc.)

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4. Labor and social legislation, and workers' welfare: (wage and hour regulations, industrial safety and health provisions, fair employment practices, child labor, women in industry, labor law administration and enforcement, workmen's compensation, unemployment insurance, government contract provisions, social insurance, union welfare schemes, pensions, workers' housing, consumption levels, consumer cooperatives, etc.)
5. Manpower utilization: (Employment service and labor ministry operations, scientific and highly-skilled manpower, use of physically handicapped, manpower statistics, industrial training, apprenticeship, etc.)
6. Labor Statistics

Incorporated with B. → C. Labor Aspects of Productivity Programs^{3/}

FOA-aided country efforts to raise productivity abroad can provide an important vehicle for furthering United States foreign labor objectives. The productivity programs are directed toward stimulating and sustaining economic expansion and rising living standards by providing for an equitable sharing of benefits of higher output among workers, consumers, and owners. These efforts, which vary from country to country to meet local situations, stress changes in attitudes which have inhibited economic expansion abroad as distinguished from the narrow concern with technological improvements and rationalization. A principal United States consideration in the

^{3/} "Productivity programs," as developed under agreements with participating countries, relate primarily to the use of local currency counterpart for loans and grant projects which show promise of stimulating productivity improvements along lines noted in the statement above. Some technical assistance projects are directed toward supporting the productivity program and its specific objectives. However, as noted in Section "B" of this paper, technical assistance covers a wider range of activities than the clearly defined productivity program. For specific references see:

Sect. 115(k) of the Economic Cooperation Act of 1948 as amended (1952); CA TORREP A-1403 of November 21, 1952; European efforts for Productivity (a Report of Basic Agreements under Section 115(k) of the Economic Cooperation Act of 1948, published by the Office of the Special Rep. in Europe, Paris, June 1953); Section 710 of Mutual Security Act of 1953; CA 880 August 20, 1953; Section 413(a) of Mutual Security Act of 1954.

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productivity programs is the promotion of constructive labor-management relations through which free unions can be strengthened. Successful productivity programs involve close labor-management cooperation (a) in the country "Productivity Centers", (b) in consultation in regard to plant-level productivity improvements, and (c) in negotiations for the distribution of the benefits of higher productivity.

The following policy guidelines govern United States assistance in regard to the productivity program in order to maximize its contribution to United States foreign labor objectives:

1. Effective free trade union participation should be encouraged at all levels of the country productivity programs.
2. Efforts should be directed towards improving free trade union competence in dealing with productivity questions (e.g., through the Technical Assistance and Technical Exchange programs).
3. Projects which show promise of yielding tangible benefits to workers and consumers and of strengthening free unions should be given a high priority in the program.
4. Projects which are likely to cause technological unemployment problems should be avoided. In cases involving possible displacement of workers, provision should be made for retraining and placement of workers.
5. Care should be exercised in selection of projects with the view to strengthening free trade union position as opposed to communist-led groups in any given industry or plant.
6. Management elements which favor constructive relations or where management shows promise of improving relations with free trade unions should be favored in selection of projects.
7. Appropriate publicity should be stimulated to capitalize benefits of program, both in regard to living standards and free trade union role. Similarly, answers to communist propaganda charges should be encouraged in information directed to workers.

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D. International Educational Exchange Programs 4/

The educational exchange programs are directed primarily toward building up a receptive climate of public opinion abroad to the United States and American foreign policy objectives. Emphasis is placed by these programs on the exchange of key people--leadership elements in the community--including free trade union leaders. The characteristics of the educational exchange programs, directed to labor leaders, relate to certain aspects of the technical assistance and labor information activities covered in separate statements. The appropriate policy guidelines of the aforementioned activities should also be applied to the international educational exchange programs.

E. Labor Considerations in Placement of Offshore Procurement (OSP) Contracts 2/

Procedures have been developed jointly by State, Defense, and FOA whereby advice in regard to the labor situation in plants considered for or working on OSP contracts is passed on to United States procurement officials abroad. These procedures, which take into account variations in the labor-political situation from country to country, are intended to strengthen free trade unions to maximum extent possible and to weaken communist-led groups. A major purpose of the placement procedures is to help assure uninterrupted OSP production with a minimum danger of potential interference from communist sources. Related to these considerations is the United States concern, as expressed in statutes and regulations governing wages and working conditions in domestic procurement by the federal government, to see that substandard plants are avoided in regard to OSP. The labor factors are weighed by the "Country Team" as part of a series of considerations in relation to over-all United States objectives when advice is passed on to procurement officers.

In line with United States foreign labor objectives and subject to the over-all considerations involved in contract placement, the OSP program is governed by the following guidelines:

4/ United States Information and Educational Exchange Act of 1948 (P. L. 402); Fulbright Act, P. L. 584, 79th Congress.

5/ Based on Joint State-Defense-MSA (FOA) Airgram, January 21, 1952; Joint State-Defense-MSA (FOA) Airgram, February 27, 1952; Joint State-FOA Circular Airgram #880, August 20, 1953; and Section 413(a) of the Mutual Security Act of 1954.

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1. In general, the OSP program should be conducted in such a way as to win the support of and strengthen free trade unions by supporting good working conditions and favoring firms sympathetic to free trade unions as opposed to communist-led groups.
2. In countries where communist influence among workers is critical, contracts should be placed in forms in which free trade unions are relatively strong or seem capable of developing strength (and in which such contract placement would be redound to the credit of the free trade union).
3. Contracts should be denied to firms in which communist-led unions might derive benefit from the placement of an OSP contract.
4. United States interest should be identified, in contract placement, with high labor standards and good labor-management relations. Sub-standard plants in regard to these factors should be avoided.
5. As far as possible, necessary negative actions (such as the cancellation of a contract in a firm on the basis of an unfavorable labor situation) should be balanced by a compensatory favorable action in the same country (such as the placement of a cancelled contract in a plant with a favorable labor situation).
6. Appropriate publicity relating to free trade union, mutual security, employment and working conditions aspects of OSP contract placement should be facilitated.

F. Labor Considerations in International Trade ^{6/}

The many labor problems in the area of trade expansion, relating to the overall interests of American workers and the situations of particular groups of workers both in the United States and abroad, handled under the general policies which govern the administration of the Trade Agreements Program or other programs. There is one specific international labor policy which has been adopted in this area:

That no tariff concessions will be granted by the United States on products made by workers receiving wages which are substandard in the exporting country.

^{6/} Announced by the President in his message on Foreign Economic Policy, March 30, 1954.

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G. Participation in the International Labor Organization ^{7/}

Recognition has been given to the desirability of international cooperation in matters pertaining to labor and that the International Labor Organization has advanced the welfare of labor throughout the world^{8/}; that membership in the Organization has proved of benefit to the people of the United States^{9/}; and that the Organization's Constitution contains careful provision to meet the constitutional rules and practices of Federal States^{9/}.

The following are the basic United States Government aims in its participation as a member of the Organization:

1. to support the encouragement of appropriate measures to improve working and living standards as a means of assisting other countries to achieve economic progress and political stability through democratic processes;
2. to contribute to ~~the~~ the solution of problems of international competition^{9/} and the maintenance of high United States labor standards by encouraging the elimination of sub-standard conditions elsewhere that may be a factor in unfair competition in international trade;
3. to utilize the presence of employer and worker representatives from other countries^{9/} to develop, in cooperation with United States employer and worker participants, an accurate and sympathetic understanding among those foreign groups of United States objectives and social and economic institutions.

H. Employment of Local Nationals^{10/} by United States Forces in Foreign Countries^{11/}

1. ^{Where} ~~the~~ United States ~~establish~~ establish military bases or stations its armed forces in the territory of another nation, such action is normally governed by the provisions of a treaty or other formal agreement between the two countries. ~~Such~~ Such treaty or agreement should deal with the employment or utilization of local nationals by the United States Forces and become the legal basis or authority for such employment or utilization.

^{7/} This policy guide does not endeavor to list policies on substantive issues arising in the ILO.

^{8/} Public Resolution No. 43, 73rd Congress, 2nd Session, approved June 19, 1934.

^{9/} Public Law 843-, 80th Congress, 2nd Session, approved June 30, 1948.

^{10/} Local national - A citizen of the host nation or a resident of the host nation, who is not a citizen of the guest nation.

^{11/} Based on Department of Defense Directive, No. 1400.6, dated 5 October 1954.

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2. Experience dictates that the arrangement be so defined as to give adequate recognition to the sovereignty of the host nation, adequate protection to the recognized rights of the guest nation, and to provide for a practical, effective personnel system under which local nationals are to be utilized. Certain principles serve to further these objectives, namely:

- a. That local nationals be utilized as extensively as practicable by the United States Forces in order to reduce the need to import workers into the host country. The United States Forces, to protect their own security, must be in a position to assure that local nationals employed by them do not have interests or tendencies inimical to the interests of the United States.

That local law and customs be followed in the employment and administration of local national personnel to the extent that such laws and customs are compatible with the basic management needs of the United States Forces. Ordinarily, those exemptions from usual practice which are accorded the host government, as an employer, will be sufficient to protect the United States Forces' management needs. Where they do not, substitutes or alternatives must be agreed upon by the host government and the United States.

3. The United States Forces will follow sound employee relations practices in their day-to-day supervision of local national personnel.
4. The nature of the relationship on any individual aspect of the personnel program may vary from country to country, but the composite program should serve the two basic principles stated in paragraph 2 above. In occupied or liberated areas, although the occupying forces have been under no legal compulsion to follow local law, it has been found to be usually advantageous to prescribe conditions of employment closely approximating those to which the inhabitants of the area are accustomed.

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C O N F I D E N T I A L

GAPS IN EXISTING UNITED STATES POLICY IN THE INTERNATIONAL LABOR FIELD

1. In 1952 the National Security Council considered a policy paper on Effective Utilization of Civilian Manpower of Non-Soviet Nations for Work of Value to National Defense (NSC 130), but final action was not taken. A number of the policy guidelines considered in the above paper are not covered in any existing policy statement.
2. While OSP labor policy governs the handling of communist labor and labor standards matters in defense procurement abroad for use abroad, there is no such policy applicable regarding procurement abroad for use in the United States. Thus, a firm turned down under OSP could qualify for procurement within the United States. This problem may become more acute now that treatment of foreign bidders for procurement within the United States has been liberalized under E. O. 10582. A policy would be in order to forestall an embarrassing case arising.
3. Criteria need to be developed for the determination of what is "substandard" in the OSP policy relating to substandard firms and in international trade policy relating to unfair labor standards competition.
4. Policy guidelines have been formulated for the employment of indigenous personnel by United States Forces abroad. Problems also arise in (a) the importation of foreign workers, who are non-citizens of the United States or the host country, for work on United States bases in a foreign country, and (b) the importation of foreign workers, who are non-citizens of the United States, for work to be performed for United States forces in United States territories or possessions, or in United States trust islands.
5. There is no specific labor policy, similar to the OSP labor policy, that would govern United States government loans or grants to firms abroad in the economic development or defense assistance programs. It should be noted that Section 413 (a) of the Mutual Security Act of 1954, the basis of the OSP labor procedures, also relates to the other foreign aid programs.

C O N F I D E N T I A L